

## Section 2

### Management and corporate governance

#### 7. **THE COMPANY'S SECURITIES AND SHAREHOLDERS**

##### 7.1 **The Company's Securities** **Registered and paid-up capital**

The following table shows details of the Company's capital, as at 31 December 2017:

##### **Registered Capital**

	<b>Number of Shares</b>	<b>Par Value</b>	<b>Registered Capital (Baht)</b>
Ordinary shares	921,339,320	1.00	921,339,320
Preferred shares	1,363,365	1.00	1,363,365
<b>Total</b>	<b>922,702,685</b>		<b>922,702,685</b>

##### **Paid-up Capital**

	<b>Number of Shares</b>	<b>Par Value</b>	<b>Registered Capital (Baht)</b>
Ordinary shares	728,688,857	1.00	728,688,857
Preferred shares	1,363,365	1.00	1,363,365
<b>Total</b>	<b>730,052,222</b>		<b>730,052,222</b>

##### **Preferred Shares**

As at 31 December 2017, the Company had issued and paid-up preferred shares of 1,363,365 shares. Preferred shareholders have similar rights as ordinary shareholders, except for the right to dividends, which is detailed in Section 7.4 Dividend Policy. In February of every year, preferred shareholders can convert their preferred shares into ordinary shares at the rate of one preferred share to one ordinary share.

##### **Convertible bonds**

As at 31 December 2017, the Company has two tranches of convertible bonds in a total outstanding amount of Baht 550 million. Details of each tranche are as follows:

<b>Name</b>	<b>BH Convertible Bonds Series #1 Due 2027</b>	<b>BH Convertible Bonds Series #2 Due 2027</b>
Date of issue	24 August 2000	24 August 2000
Issuing amount	Baht 300 million	Baht 1,000 million
Outstanding amount	Baht 300 million	Baht 250 million
Maturity	27 years	27 years
Coupon rate	2.5% for year 1-4, 5% for year 5-8 and 10% for year 9-27	1%
Terms of payment	Semiannually	Semiannually
Current conversion price	Baht 4.55	Baht 3.50
Conversion option	The bondholders have the option to convert the bonds into ordinary shares throughout the life of the bonds	The bondholders have the option to convert the bonds into ordinary shares throughout the life of the bonds
Forced conversion feature	On the maturity date, the Company has the option to either redeem the convertible bonds or to convert the bonds into ordinary shares	On the maturity date, the Company has the option to either redeem the convertible bonds or to convert the bonds into ordinary shares
Collateral*	None	None
Credit rating	Not required as the bonds were issued to specific investors with restriction on	Not required as the bonds were issued to specific investors with restriction on

Name	BH Convertible Bonds Series #1 Due 2027	BH Convertible Bonds Series #2 Due 2027
	transfer of the bonds of maximum of 10 bondholders at any time	transfer of the bonds of maximum of 10 bondholders at any time

\* The maturity date of Convertible Bonds Series#1 and #2 have been extended from 23 August 2017 to 23 August 2027 at EGM No. 1/2015 on 30 November 2015.

## 7.2 Shareholders

List of the Company's 10 major shareholders as at 31 December 2017 is as follows:

Shareholder	Number of shares*	Shareholding** (%)
1. Bangkok Dusit Medical Services PCL	149,660,706	20.50
2. Bangkok Insurance PCL	106,760,417	14.62
3. Thai NVDR Co., Ltd.	63,247,197	8.66
4. UOB KAY HIAN (HONG KONG) LIMITED - Client Account	61,509,565	8.43
5. Sinsuptawee Asset Management Co., Ltd.	36,632,014	5.02
6. Wattanasophonpanich Co., Ltd.	26,138,875	3.58
7. Social Security Office	20,292,300	2.78
8. Bangkok Bank PCL	14,249,759	1.95
9. Chase Nominees Limited	13,022,761	1.78
10. GIC Private Limited	12,346,700	1.69
Total	503,860,294	69.02

\* Number of shares includes preferred shares.

\*\* The calculation of holding percentage includes preferred shares.

The Company has shareholders in the top ten major shareholders list who are foreign financial institutions or custodians acting as trust companies or nominee accounts. The Company has no knowledge of the ultimate shareholders of these companies as these shareholders have never nominated their representatives to serve on the Board of Directors nor taken part in the management of the Company.

## 7.3 Long-term debentures

### The Company's unsecured, unsubordinated debentures No.1/2011

	Series 1	Series 2	Series 3
Date of issuance	20 Dec 2011	20 Dec 2011	20 Dec 2011
Par value	Baht 1,000	Baht 1,000	Baht 1,000
Amount	Baht 1,500 million	Baht 1,000 million	Baht 2,500 million
Carrying amount	Baht 1,500 million	Baht 1,000 million	Baht 2,500 million
Maturity date	20 Dec 2016	20 Dec 2018	20 Dec 2021
Interest rate	4.13%	4.59%	4.97%
Term of interest payment	Semi-annual	Semi-annual	Semi-annual
Collateral	None	None	None
Credit rating*	"A+"	"A+"	"A+"

\* The last update for credit rating is on September 2017.

\*\* The Company has paid up the long-term debentures "Series 1" amounting Baht 1,500 million on 20 December 2016.

Under the terms and conditions of the debentures, the Company has to comply with certain restrictions and maintain certain financial ratios which include:

- a) Maintenance of a net debt to equity ratio not exceeding 1.75:1
- b) Maintenance of a net debt to EBITDA ratio not exceeding 3.25:1

## **7.4 Dividend Policy**

### **7.4.1 The Company's dividend policy is as follows:**

- When the Company has net profit which can be distributed to shareholders, the preferred shareholders will receive dividends before the ordinary shareholders. In any year that dividends distributed to the preferred shareholders reach 15% of the capital represented by the preferred shares, the balance of the profit shall be distributed to the ordinary shareholders at any amount as determined by the shareholders' meeting. In any year that the Company is able to distribute dividends of more than 15% of its capital, the shareholders of both types shall receive the dividends equally.
- For the payment of dividends, the Board of Directors is to follow the resolution of the shareholders' meeting.
- For every dividend payment, the Company shall reserve at least 5% of the profit as appropriated statutory reserve, until the reserve accounts for 10% of the Company's capital.
- Accrued dividends are not entitled to any interest payment.

### **7.4.2 Subsidiaries' dividend policy is as follows:**

- When the company has profit which can be distributed to shareholders, the company is eligible to pay dividends to its shareholders at any amount in accordance with the resolution of shareholders' meeting.
- For every dividend payment, the Company shall reserve at least 5% of the profit as appropriated statutory reserve, until the reserve accounts for 10% of the Company's capital.
- Accrued dividends are not entitled to any interest payment.

On 21 February 2018, the Board of Directors approved, subject to shareholders' approval in the shareholders' meeting to be held on 25 April 2018, a dividend payment for the year 2017 to preferred and ordinary shareholders at the rate of Baht 2.70 per share, totaling Baht 730.05, which is a 50% pay-out ratio. The Company already paid an interim dividend of Baht 1.00 per share, totaling Baht 730.05 million, on 6 September 2017. The remaining dividend payment of Baht 1.70 per share, amounting to Baht 1,241.09 million, will be paid on 8 May 2018, after the shareholders' approval.

For the year 2016, the Company paid dividend of Baht 2.50 per share, totaling Baht 1,825.13 million, or 50% pay-out ratio.

## **8. MANAGEMENT**

### **8.1 Management Structure**

The Company has five sets of committees, which are the Company's Board of Directors, the Audit Committee, the Nomination and Remuneration Committee, the Governing Board of Bumrungrad International Hospital, Bangkok and the Investment Committee. Details of each committee are as follows:

#### **Board of Directors**

The Company's Board of Directors as at 31 December 2017 comprises the following:

1. Dr. Charnvit	Tanphiphat, M.D.	Chairman of the Board Member of the Nomination and Remuneration Committee
2. Dr. Suvarn	Valaisathien	Vice Chairman of the Board Member of the Investment Committee
3. Mrs. Linda	Lisahapanya	Director Member of the Investment Committee Managing Director
4. Mr. Chong	Toh	Director Member of the Nomination and Remuneration Committee
5. Dr. Somsak	Chaovitsaree, M.D.	Director Hospital CEO and Medical Director
6. Dr. Pansak	Sugkraroek, M.D.	Director
7. Mr. Bernard Charnwut Chan		Director
8. Ms. Sophavadee	Uttamobol	Independent Director Chairperson of the Audit Committee
9. Mr. Soradis	Vinyaratn	Independent Director Member of the Audit Committee
10. Mr. Prin	Chirathivat	Independent Director Member of the Audit Committee
11. Mrs. Aruni	Kettratad	Independent Director, Chairperson of the Nomination and Remuneration Committee

Ms. Pantip Chirakarnjanakorn, Company Secretary, is the secretary to the Board of Directors.

#### **Legal Binding of the Company**

Any two authorized directors, except Mr. Chong Toh, may jointly sign and affix the Company's seal.

#### **Term of Directors**

At the annual general meeting of shareholders, one-third of the directors shall retire from office. If the number of directors is not a multiple of three, then the number nearest to one-third shall retire from office. Retiring directors shall be those who have served longest in office. Those who retire by rotation are eligible for re-election.

#### **Duties and Responsibilities of the Board of Directors**

The duties and responsibilities of the Board of Directors, which are described in the Board of Directors' Charter, are as follows:

1. to perform duties in accordance with the laws, the Company's objectives and regulations, and resolutions of the shareholders' meeting, in good faith and with care for the best interest of the Company;
2. to establish the Company's vision, directions and strategies, with the aim to maximize long-term shareholders' value;
3. to endorse major strategies and policies, including objectives, business plans, financial targets, operating plans and capital expenditure budgets, as proposed by management; and to monitor and ensure the implementation and follow up on the outcome;
4. to establish the Corporate Governance Manual and the Company's Code of Ethics, and to monitor and ensure communication and implementation of such policies and guidelines, to approve amendments as appropriate and to report in the annual report;
5. to ensure proper systems for corporate accounting, financial reporting and financial auditing; to ensure that the Company has an effective internal control, internal audit and risk management system, which should be reviewed annually, and to assign the internal audit department to independently audit and report on the system;
6. to approve quarterly and annual financial reports; to ensure that they are correct, accurate, credible, in compliance with generally accepted accounting standards and report to shareholders in the annual report;
7. to monitor, supervise and approve, as the case may be, and to ensure transparency in the transactions which are connected transactions and may cause conflict of interest, and to set clear guidelines on the approval and disclosure process of transactions with conflict of interest; and
8. to set and appoint committees as appropriate to help pursue, study in detail, monitor and oversee matters of importance as assigned, and to approve their charters which include their duties and responsibilities and determine their remuneration.

### **Audit Committee**

The Company's Audit Committee as at 31 December 2017 comprises the following:

- |    |                |             |                                    |
|----|----------------|-------------|------------------------------------|
| 1. | Ms. Sophavadee | Uttamobol   | Chairperson of the Audit Committee |
| 2. | Mr. Soradis    | Vinyaratn   | Member of the Audit Committee      |
| 3. | Mr. Prin       | Chirathivat | Member of the Audit Committee      |

Ms. Oracha Kunajiranut, Director of Corporate Internal Audit, is secretary to the Audit Committee.

The Company's Audit Committee have the experience and knowledge of the Company's financial matters and Ms. Sophavadee Uttamobol is the Chairperson of the Audit Committee member who has the knowledge and experience in reviewing the Company's financial statements.

### **Term of the Audit Committee**

The term of service of Audit Committee is 3 years. In case that an Audit Committee member vacates his position before the expiration of his term of service, the Board of Directors shall select a replacement as soon as possible. The replacement will serve only up to the remaining term of the Audit Committee.

### **Authorities, Duties and Responsibilities of the Audit Committee**

The Board of Directors granted authorities to the Audit Committee to fulfil its duties and responsibilities as follows:

1. to review the financial reports of the Company to ensure accuracy and sufficiency;

2. to review the Company's internal control system, internal audit system, and risk management system to ensure appropriateness and effectiveness by approving the annual internal audit plan and its changes, considering the audit results, including considering the independence of the internal audit function, giving consent to the appointment, rotation or termination of Head of corporate internal audit unit or another function responsible for internal auditing;
3. to review the Company's compliance with the laws governing securities and exchange, including rules and regulations prescribed by the Stock Exchange of Thailand and other laws related to the conduct of the Company's business;
4. to consider, select and propose the appointment of an independent party as the Company's external auditor, to propose the audit fees, and to meet with the external auditor without the presence of management at least once a year;
5. to consider related party transactions or transactions which may have conflict of interest, to be in accordance with the Stock Exchange of Thailand rules and regulations, to ensure that such transactions are reasonable and are for the best benefits of the Company;
6. to prepare the report of the Audit Committee to be disclosed in the Company's annual report including opinion on the accuracy, sufficiency and credibility of the Company's financial statements, internal control system and compliance with the laws governing securities and exchange and rules and regulations prescribed by the Stock Exchange of Thailand and other laws related to the conduct of the Company's business;
7. to report to the Board of Directors for rectification within the period of time that the Audit Committee thinks fit if it is found or suspected that there is a transaction or an act which may materially affect the Company's financial conditions and operating results;
8. to perform other duties as assigned by the Board of Directors and with consent from the Audit Committee;
9. to have unrestricted access to management, employees and relevant information; and
10. to conduct special investigations where required.

### **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee as at 31 December 2017 comprises the following:

- |    |             |                 |  |
|----|-------------|-----------------|--|
| 1. | Mrs. Aruni  | Kettratad       | Chairperson of the Nomination and Remuneration Committee |
| 2. | Dr. Chanvit | Tanhiphat, M.D. | Member of the Nomination and Remuneration Committee      |
| 3. | Mr. Chong   | Toh             | Member of the Nomination and Remuneration Committee      |

Ms. Pantip Chirakarnjanakorn, Company Secretary, is the secretary to the Nomination and Remuneration Committee.

### **Term of the Nomination and Remuneration Committee**

The Nomination and Remuneration Committee has a term of three years. Members of the Nomination and Remuneration Committee may be re-elected upon expiration of the term.

### **Duties and Responsibilities of the Nomination and Remuneration Committee**

The duties and responsibilities of the Nomination and Remuneration Committee, in accordance with Nomination and Remuneration Committee's Charter, are as follows:

- a) Nomination
  1. to consider the appropriate size, composition and term of the Board of Directors;
  2. to consider and recommend whether there should be a retirement age for directors, and to recommend to the Board of Directors the directors' retirement age;
  3. to formulate and review qualifications of directors and members of the Committees;

4. to propose and review candidates for the director position in case of vacancies or for any other reasons, including collecting a list of candidates nominated by shareholders, to be approved by the Board of Directors and/or Shareholders' Meeting as the case may be; and
  5. to consider and propose qualified directors to be a member of a Committee when there is a vacancy.
- b) Remuneration
1. to determine the procedures and criteria for fair and reasonable compensation for directors and Committee members;
  2. to recommend remuneration for directors and Committee members, including remuneration of the Nomination and Remuneration Committee members, to the Board of Directors and/or Shareholders' Meeting, as the case may be; and
  3. to implement a process for assessing the performance of the Board of Directors and Committees, including proposing their Performance Evaluation Form.
- c) To perform other duties relevant to the Nomination and Remuneration Committee as may be assigned by the Board.

### **Governing Board of Bumrungrad International Hospital, Bangkok**

The Governing Board of Bumrungrad International Hospital, Bangkok as at 31 December 2017, comprises the following:

1.	Dr. Visuit	Vivekaphirat, MD	Chairman
2.	Dr. Somsak	Chaovisitsaree, MD	Secretary, Ex officio
3.	Dr. Chanvit	Tanphiphat, M.D.	Member
4.	Ms. Sophavadee	Uttamobol	Member
5.	Dr. Oradee	Chandavasut, M.D.	Member
6.	Dr. Roekchai	Tulyapronchote, M.D.	Member
7.	Dr. Sira	Sooparb, M.D.	Member
8.	Dr. Terdsak	Rojsurakitti, M.D.	Member
9.	Dr. Sukitti	Panpunnung, M.D.	Member
10.	Dr. Taveesin	Tanprayoon, M.D.	Member
11.	Dr. Thanakrit	Chintavorn, M.D.	Member
12.	Dr. Winyou	Ratanachai, M.D.	Member
13.	Mrs. Artirat	Charukitpipat	Ex officio
14.	Ms. Jiraporn	Lekdumrongsak	Ex officio
15.	Ms. Oraphan	Buamuang	Ex officio
16.	Ms. Varanya	Seupsuk	Ex officio
17.	Ms. Santana	Chunneam	Ex officio

### **Term of the Governing Board**

The Governing Board has a term of two years. Members of the Governing Board may be re-elected upon expiration of the term.

### **Duties and Responsibilities of the Governing Board**

The Governing Board has the objective to recommend and implement the Hospital Policy, promote patient safety and performance improvement, provide quality patient care and provide for organizational management and planning of the hospital. The Governing Board has the scope of duties and

responsibilities in accordance with Governing Board Bylaws Rules and Regulations of Bumrungrad International Hospital, Bangkok as follows:

1. to organize physicians and other practitioners granted clinical privileges at the hospital into a medical staff under Professional Staff Bylaws, Rules and Regulations approved by the Governing Board;
2. to appoint and reappoint Medical Staff members and assign clinical privileges in accordance with Professional Staff Bylaws, Rules and Regulations;
3. to establish and amend, together with the Medical Staff, and approve Professional Staff Bylaws, Rules and Regulations which set forth its organization and governance; and
4. to assign to the Medical Staff reasonable authority to ensure appropriate professional care to hospital patients, including to direct that all reasonable and necessary steps be taken by the Medical Staff and hospital administration for meeting JCI and HA accreditation standards and complying with applicable laws and regulations.

### **Investment Committee**

The Company's Investment Committee as at 31 December 2017 comprises the following:

- |    |            |              |                                    |
|----|------------|--------------|------------------------------------|
| 1. | Mrs. Linda | Lisahapanya  | Member of the Investment Committee |
| 2. | Mr. Chong  | Toh          | Member of the Investment Committee |
| 3. | Dr. Suvarn | Valaisathien | Member of the Investment Committee |

Ms. Pantip Chirakarnjanakorn, Company Secretary, is the secretary of the Investment Committee.

### **Term of the Investment Committee**

The Investment Committee has a term of three years. Members of the Investment Committee may be re-elected upon expiration of the term.

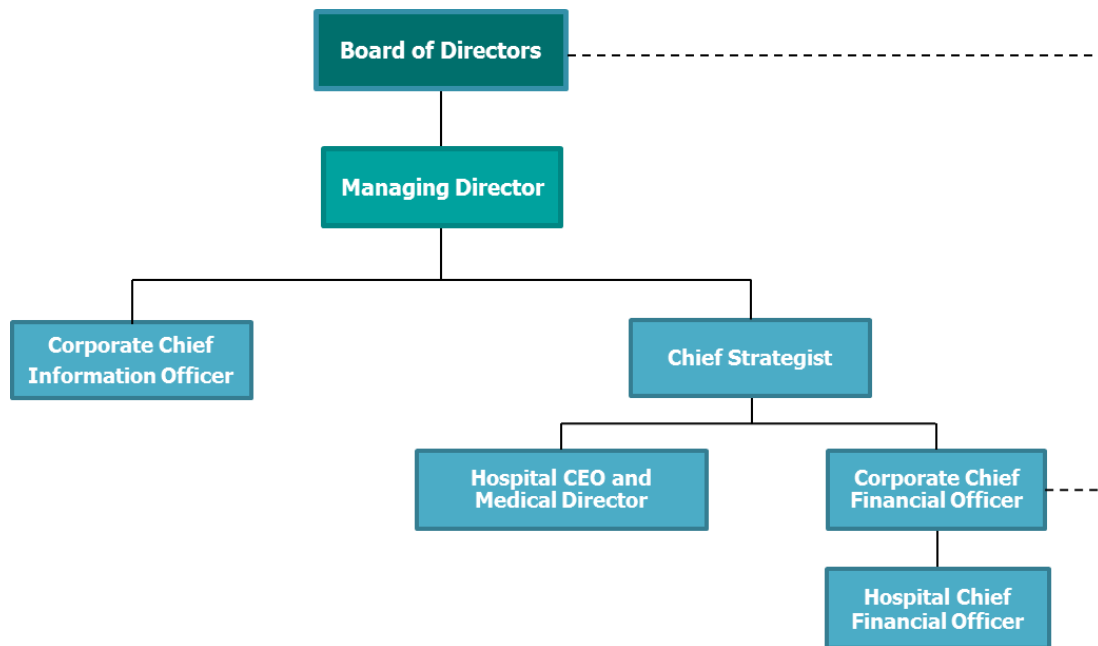
### **Duties and Responsibilities of the Investment Committee**

The duties and responsibilities of the Investment Committee, in accordance with Investment Committee's Charter, are as follows:

1. to consider investment opportunities, their appropriateness and feasibilities, and investment structure of each investment project. Investment projects include the Company's annual capital expenditure, expansion and renovation of the Bangkok hospital facilities, investment and / or joint-venture, by the Company, subsidiary or affiliate, in new project, business or company both within Thailand and abroad;
2. to consider financial status of the Company in order to evaluate the Company's investment capacity;
3. to recommend investment projects which have been considered by the Investment Committee to the Board of Directors for approval;
4. to monitor result of an investment made by the Company in terms of its performance and to consider any action necessary to minimize the Company's risks from investment; and
5. to perform other duties relevant to the Investment Committee as may be assigned by the Board of Directors.



## Organization Chart



The Company's Management as at 31 December 2017 consists of the following:

- |    |             |                      |   |
|----|-------------|----------------------|---|
| 1. | Mrs. Linda  | Lisahapanya          | Managing Director                                     |
| 2. | Mr. Aniello | Sorrentino           | Chief Strategist                                      |
| 3. | Mr. Dickon  | Smart-Gill           | Corporate Chief Information Officer                   |
| 4. | Mr. Kenneth | Love                 | Corporate Chief Financial Officer                     |
| 5. | Dr. Somsak  | Chaovisitsaree, M.D. | Hospital Chief Executive Officer and Medical Director |
| 6. | Ms. Oraphan | Buamuang             | Hospital Chief Financial Officer                      |

### Management's authority to approve the capital expenditure

The Managing Director is the highest-ranking corporate executive of management authorized by the Board of Directors to approve all budgeted capital expenditures or projects up to Baht 40 million per capital expenditure or project.

## 8.2 Election of Directors and Management

The Nomination and Remuneration Committee has the responsibility to select and nominate candidates to replace directors and members of committees whose terms have expired or for any other reasons, including to consider candidates proposed by shareholders, and to propose to the Board of Directors to approve or to recommend to shareholders' meetings of such appointment. The Nomination and Remuneration Committee is responsible for considering qualifications of candidates, taking into account their knowledge, abilities, experience which will be beneficial to the Company, their leadership skills, visions, ethical values, and their independence in making professional decisions and for ensuring that the candidates possess the qualifications as stipulated in the Board of Directors' Charter.

The process for electing directors in a shareholders' meeting is in accordance with the following rules and principles:

1. Each shareholder has one vote for one share.
2. The election of directors may be either by voting for each individual director, or by voting for a group of directors, whichever way the shareholders' meeting deems appropriate. For each resolution, each shareholder must exercise all of his/her votes for one individual director or for one group of directors. Votes by each shareholder may not be split between any directors or any groups of directors.
3. The election passes with the majority of the votes. If the number of votes is equal, the chairperson of the meeting has the final vote.

The process for selection of independent directors is the same as that of directors and management.

### **Qualifications of independent directors are as follows:**

1. Holds shares not more than one percent of total shares with voting right of the Company, the Company's parent company, subsidiary company, associate company, major shareholder or controlling person, inclusive of the shares held by related persons of such independent director.
2. Is not an executive director, employee, staff, advisor with salary, or controlling person of the Company, the Company's parent company, subsidiary company, associate company, subsidiary company of the same level, major shareholder or controlling person (at present and two years prior to the appointment).
3. Is not related, whether by blood or legal registration as father, mother, spouse, sibling and child, including spouse of children, with the management, major shareholder, controlling person or those who will be nominated as management or controlling person of the Company or subsidiary.
4. Does not have business relationship with the Company, the Company's parent company, subsidiary company, associate company, major shareholder or controlling person, in the manner which may interfere with his independent judgment, and neither is a significant shareholder or controlling person of any person having a business relationship with the Company, the Company's parent company, subsidiary company, associate company, major shareholder or controlling person (at present and two years prior to the appointment), with details as per rules and regulations of the Securities and Exchange Commission, Thailand.
5. Is not an auditor of the Company, the Company's parent company, subsidiary company, associate company, major shareholder or controlling person, and is not a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, the Company's parent company, subsidiary company, associate company, major shareholder or controlling person (at present and two years prior to the appointment).
6. Is not a provider of any professional services including as legal advisor or financial advisor who receives service fees exceeding Baht two million per year from the Company, the Company's parent company, subsidiary company, associate company, major shareholder or controlling person, and is not a significant shareholder, controlling person or partner of the provider of professional services (at present and two years prior to the appointment).

7. Is not a director appointed as a representative of the Company's director, major shareholder, or shareholder who is related to major shareholder.
8. Does not undertake any business in the same nature and in competition to the business of the Company or the Company's subsidiary company, or is not a significant partner in a partnership nor an executive director, employee, staff, advisor with salary or holding shares exceeding one percent of the total number of shares with voting rights of another company which undertakes business in the same nature and in competition to the business of the Company or its subsidiary company.
9. Does not possess any other characteristics that deter the ability to express independent opinions with regards to the Company's business operations.

### 8.3 Company Secretary

Board of Directors has appointed Ms. Pantip Chirakarnjanakorn as Company Secretary on 28 February 2017. Detailed qualification of the Company Secretary is showed in the Attachment 1.

### 8.4 Remuneration of Directors, Committees and Management

#### Directors' Remuneration and Committees' Remuneration

Remuneration of Directors, the Audit Committee and the Nomination and Remuneration Committee for the year ended 31 December 2017 for 11 directors are as follows:

Name	Board of Directors				Audit Committee		Nomination and Remuneration Committee		Total Remuneration
	Number of Meetings	Annual Remuneration	Meeting Remuneration	Total	Number of Meetings	Meeting Remuneration	Number of Meetings	Meeting Remuneration	
1 Dr. Chanvit Tanphiphat, M.D.	6/6	1,240,000	280,000	1,520,000			5/5	150,000	1,670,000
2 Dr. Suvarn Valaisathien	6/6	980,000	180,000	1,160,000					1,160,000
3 Mrs. Linda Lisahapanya	6/6	980,000	180,000	1,160,000					1,160,000
4 Dr. Somsak Chaovitsaree, M.D.	5/6	820,000	150,000	970,000					970,000
5 Mr. Chong Toh	6/6	980,000	180,000	1,160,000			5/5	150,000	1,310,000
6 Ms. Sophavadee Uttamobol	6/6	980,000	180,000	1,160,000	4/4	200,000			1,360,000
7 Mr. Soradis Vinyaratn	5/6	980,000	150,000	1,130,000	3/4	90,000			1,220,000
8 Mr. Prin Chirathivat	6/6	980,000	180,000	1,160,000	4/4	120,000			1,280,000
9 Mrs. Aruni Kettratad	6/6	980,000	180,000	1,160,000			5/5	250,000	1,410,000
10 Dr. Pansak Sugkraroek, M.D.	1/1	160,000	30,000	190,000					190,000
11 Mr. Bernard Chamwut Chan	1/1	160,000	30,000	190,000					190,000
Total Remuneration		9,240,000	1,720,000	10,960,000		410,000		550,000	11,920,000

In 2017, the Investment Committee held 3 meetings. Total remuneration of Baht 0.36 million was paid to the members of the Investment Committee.

In 2017, the Governing Board held 3 meetings. Total remuneration of Baht 0.48 million was paid to the members of the Governing Board.

Directors' remuneration represents the benefits paid to the Company's directors exclusive of salaries and related benefits payable to the management. The above remunerations have been approved by the shareholders.

### Management's Remuneration

In 2017, the total remuneration of 16 executive positions of the Company and its subsidiaries amounted to Baht 100.9 million. The Company and its subsidiaries had employee benefit expense payable to their directors and management as follows:

Short-term employee benefits	Baht	96.625	million
Long-term employee benefits	Baht	0.007	million
Termination benefits	Baht	<u>4.269</u>	million
Total	Baht	<u>100.901</u>	million

### Other Benefits

- none -

## 8.5 Personnel

As at 31 December 2016, the Company has total 3,984 staffs, and can be divided as follows:

Nursing	2,126
Hospital operations	649
Support staff	1,209

Details of the Company's total personnel compensation are as follows:

Salaries	Baht	1,673,791,845.95
Bonus	Baht	236,108,301.79
Provident Fund	Baht	73,105,897.59
Long-term Employee Benefits	Baht	87,047,715.42
Other Benefits	Baht	<u>1,033,856,709.98</u>
Total	Baht	<u>3,103,910,470.74</u>

The Company understands the importance of its human resources and has a policy to develop its human resources in order to improve their skills and capabilities through the individual development plan (IDP), as well as through both external and internal training programs. The programs offer varieties of subjects, including various professional fields, safety, health-related and environmental issues, information technology, English language and management. The training programs can be divided as follows:

1. New employees' orientation: every new employee must attend an orientation for department / division / unit and must receive on-the-job training.
2. Mandatory training: training program on subjects which every employee must know and participate.
3. Division / unit training: training program to improve specific skills and expertise for each department/ division/ unit. This includes both internal and external training.
4. Managerial training: for managers to be able to manage his/ her department / division effectively.

In addition, the Company has the policy to grant scholarships to employees for the nurse aid certificate programs, bachelor of nursing, and master degrees in various majors.

## **9. Corporate Governance**

The Company realizes the importance of good corporate governance, and is committed to follow the Principles of Good Governance Guidelines in order to manage its business with transparency, to build confidence for all stakeholders and to compete efficiently at the international level. The Company therefore would like to report the following:

### **1. The Rights of Shareholders**

The Company acknowledges the importance of all shareholders' rights, including major and minority shareholders. Shareholders' rights include basic rights as investors and as owners of the Company, such as rights to buy, sell, transfer their shares; rights to receive dividends from the Company; rights in shareholders' meetings; rights to receive comprehensive, sufficient and timely news and information through easily accessible channels; rights to express their opinions; rights to participate in making decisions on important issues, such as election of directors, approval of important transactions that affect the direction of the business and operation of the Company, amendment of memorandum of association and articles of association of the Company.

In 2017, the Company has implemented the following to encourage and facilitate the exercise of shareholders' rights in the annual general meeting of shareholders:

1. The Company gives shareholders the right to propose important and appropriate issues for incorporation as an agenda in the Company's annual general meeting of shareholders and to nominate candidates with appropriate knowledge, abilities and qualifications to be considered for the position of the Company's director in advance before the annual general meeting of shareholders. Shareholders can find details of the criteria and guidelines on the Company's website.
2. The Company sends invitation letters to shareholders in advance to inform them of the meeting agendas which include opinion of the Board of Directors on each agenda item, together with supporting documents and information sufficient to facilitate shareholders in making their decisions. In addition, the invitation letter package includes details of required documents in order to protect shareholders' rights to attend the shareholders' meeting, together with their rights to vote. Moreover, the invitation letter to the shareholders' meeting is disclosed on the Company's website. For annual general meeting of shareholders, the invitation letter is posted on the website 30 days prior to the meeting date.
3. For those shareholders who are unable to attend the meeting, they have the right to authorize a person or an independent director as their proxy to attend the meeting and vote on their behalf, using one of the proxy forms sent with the invitation letter. Moreover, shareholders can download the proxy form from the Company's website.
4. The Company implements the barcode system for registration and the voting process, including the use of voting cards. This helps accelerate and ensure the accuracy of the registration and vote counting process. In addition, shareholders are able to register after the meeting has started to exercise their rights to vote on agendas that have not been voted. Upon completion of the meeting, shareholders are able to verify the details.
5. Before going into each agenda, the Chairman of the Board of Directors, who acts as chairman of the meeting, assigns the Company Secretary to inform the meeting of the voting process for each agenda. During the meeting, the chairman of the meeting gives all shareholders the opportunity to comment, ask questions or give opinions and suggestions on any agenda item. The Chairman and management see the importance of every question and give precise and clear answers.
6. The Company Secretary records minutes of the shareholders' meetings which are correct and complete, with details on voting results of each agenda. In addition, the minutes are sent to the Stock Exchange of Thailand and posted on the Company's website within 14 days after the meeting date, so that shareholders are promptly informed and are able to verify.

## **2. The Equitable Treatment of Shareholders**

The Company is strongly committed to equitable treatment of every shareholder, whether they are major or minority shareholders, institutional investors or foreign shareholders, and has created various mechanisms, such as:

1. The Company provides a channel for minority shareholders to propose issues deemed important and appropriate to include in the agenda of the Company's annual general meeting of shareholders and to nominate candidates with appropriate knowledge, abilities and qualifications to be considered for the position of the Company's director. The announcement has been made through the Stock Exchange of Thailand and the Company's website. Independent directors will consider and propose the matter to the Board of Directors to be included in the meeting agenda as appropriate.
2. For shareholders who are unable to attend the shareholders' meeting, the Company provides proxy forms which allow shareholders to specify their vote on each agenda. The proxy forms, which are in accordance with the format provided by the Ministry of Commerce, are sent with the invitation letter. As an alternative for shareholders, the Company also proposes one independent director as the proxy.
3. The shareholders' meetings proceed according to the order of the agenda, without adding new and uninformed agenda, in order to give the opportunity to shareholders to study the information on the given agenda before making decision. Moreover, there are no changes to the important information in the shareholders' meeting.
4. The Company sees the importance of the consideration on transactions which may have conflict of interest or may be connected or related transactions, and abides by good corporate governance principles, including rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand. For these transactions, directors, management and those who are related persons do not participate in the consideration to approve such transactions.
5. The Company provides oversight and control to prevent improper use of inside information. The Company has the policy regarding management using internal information for personal benefits as follows:
  1. According to Company's rules and regulations, directors are required to inform the Company immediately in the event that they may have any interests in any agreements being entered into by the Company, or that there is an increase or decrease in their holding of shares or bonds of the Company or subsidiaries.
  2. Directors and management must prepare and disclose securities holding report to the Securities Exchange Commission and to the Company within the required time.

Penalties for violation include the following:

1. Verbal warning for corrective action
2. Report to shareholders' meeting for consideration
3. Compensation for any damages
4. Disclosure to Securities and Exchange Commission and the Stock Exchange of Thailand

In addition, directors and management of the Company must report the purchase or sale of the Company's securities to the Securities and Exchange Commission and the Company within three business days.

## **3. The Role of Stakeholders**

The Company recognizes its responsibilities towards each stakeholder, for sustainable mutual benefits which will lead to stability of the business operations. The Company intends to interact with each party fairly. The important stakeholders of the Company are as follows:

**Shareholders:** In addition to the basic rights, rights in accordance with the laws and the Company's articles of association, such as rights to check number of shares, rights to receive share certificates, rights to attend and vote in shareholders' meetings, rights to express opinions independently at

shareholders' meetings, and rights to receive fair returns, the Company also provides equal and timely information to all shareholders, and gives all shareholders the right to suggest and express their opinions independently on the Company's business and operations in shareholders' meetings, as the Company's owners.

**Customers / Patients:** The Company provides patient care in an ethical manner, and at the best possible quality, taking into consideration patient safety, patients' satisfaction and efficiency in providing its services. The hospital's Medical Ethics Committee protects patients' rights. In addition, the Company has a department to take customer complaints and to monitor and continuously improve the quality of the care provided to all patients, taking into consideration patients' needs and suggestions. In addition, the Company has engaged a third-party consultant to measure the hospital's customer engagement level, in order to continuously improve the hospital's services for patients and to maintain patients' long-term relationships with the hospital.

**Employees:** The Company believes that its employees are valuable resources and therefore gives all employees equal opportunity in their employment. The Company has the policy to provide employees with appropriate compensation and appoints a welfare committee to oversee the well-being and safety of its employees. The Company also provides an individual development plan (IDP) for each employee, as well as continuous education and regular training programs to develop and reinforce employees' knowledge, abilities and skills in all areas including operations, management and technical expertise, in order for employees to fulfill their jobs more effectively.

Furthermore, the Company holds Town Hall Meetings to provide opportunities for employees to voice their opinions or complain directly to management, implements an Innovation Program where employees are able to propose suggestions to improve work process and services, and has an employee recognition program to increase employees' morale. The Company believes that work efficiency is a result of employees' loyalty to the Company, and is therefore committed to continuously build and assess the employees' engagement with the Company, in order to improve its human resources management.

**Suppliers / Contractors:** The Company has a purchasing policy that is fair to all parties concerned. In addition, the Company abides by the terms and conditions of agreements and contracts with all suppliers and contractors and ensures timely payment to all suppliers and contractors.

**Creditors:** The Company is committed to giving information with accuracy and transparency to creditors, abides by loan agreements and loan covenants, and ensures timely payments. The Company believes that good relationships with creditors, including building credibility and trust, are a responsibility of the Company towards its creditors.

**Competitors:** The Company competes with competitors within the rules and regulations, and treats competitors fairly and with integrity. The Company focuses on competition in the area of quality and efficiency of service for the best benefit of customers and patients.

**Community:** The Company has established the Corporate Social Responsibility (CSR) Committee to oversee and guide the Company's activities undertaken to ensure the Company meets its social responsibilities in all its activities and also collaborate with Bumrungrad Hospital Foundation on the main charity projects. The Company's CSR emphasizes on 2 directions which are health promotion and health education. Details of company's CSR activities are available in CSR section.

#### **4. Disclosure and Transparency**

The Company realizes the importance of disclosing information which is significant for shareholders and investors in making their decisions. The Company has a policy to disclose information which is transparent, complete, reliable and timely, through various channels which are easily accessible, in order for shareholders and investors to conveniently obtain the disclosures. The Company also ensures it abides by the rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.

Information disclosed to the public includes both financial and non-financial information, such as financial statements, management discussions and analysis, the report of the accountability of the

Board of Directors to the Company's financial reports, the report of the Audit Committee, connected transactions, structure, duties and responsibilities of the Board of Directors and committees, including statistics on meeting attendance, and corporate governance reports.

The Company has many channels to communicate with shareholders and investors. These include those stipulated by rules and regulations, such as the 56-1 filing form, annual reports, the website of the Stock Exchange of Thailand, and other communication channels, such as the Company's website in the Investor Relations section, which are consistently updated, in both Thai and English, quarterly analyst meetings (four times in 2017), roadshows and investor conferences (2 times overseas, including Singapore and Hong Kong) and investor meetings and conference calls (62 times in 2017). In addition, the Company holds press conferences to update important events of the Company, in order to disseminate information to the public.

Furthermore, the Company has Company Secretary and Investor Relations Department to facilitate interested investors and shareholders. Information can be requested by phone at 02 011-4956 and 02 011-5929, by e-mail at [ir@bumrungrad.com](mailto:ir@bumrungrad.com), or through the Company's website.

## **5. Responsibilities of the Board of Directors**

### **Structure of the Board of Directors**

The Board of Directors is comprised of qualified directors with extensive experience in various fields. Every director participates in setting the Company's vision, mission, strategies, goals, business plans and budgets. The Board of Directors also ensures that the plans are carried out efficiently and effectively by the management, to ensure the maximization of the Company's value and stability to shareholders. The Board of Directors meets quarterly to review the management's report on the Company's operations. Details of duties and responsibilities of the Board of Directors can be found in Section of Management Structure.

As at 31 December 2017, there are 11 directors, as follows:

1. Non-executive directors: Five non-executive directors, which are Dr. Chanvit Tanhiphat, M.D., Mr. Chong Toh, Dr. Suvarn Valaisathien, Dr. Pansak Sugkraroek, M.D. and Mr. Bernard Charnwut Chan
2. Executive directors: Two executive directors, including Mrs. Linda Lisahapanya and Dr. Somsak Chaovitsaree, M.D.
3. Independent directors: Four independent directors who possess the qualifications as stipulated by the Securities and Exchange Commission, comprising Ms. Sophavadee Uttamobol, Mr. Soradis Vinyaratn, Mr. Prin Chirathivat and Mrs. Aruni Kettratad

At present, the four independent directors account for 36% of total Board of Directors and more than one-third of the Board of Directors, and will be in accordance with the Securities and Exchange Act (No. 4) B.E. 2551.

### **Segregation of Duties:**

The Company clearly separates duties and responsibilities of the Board of Directors and management. The Board of Directors is responsible for endorsing strategies and supervising management's operations at the policy level, whereas management is responsible for managing the business as per such strategies. Therefore, the Chairman of the Board of Directors is not the same person as the Managing Director.

The Chairman of the Board is not an executive director and is not involved in managing the Company. Management is assigned the responsibility of implementing the business plan and strategies, and controlling expenses and investments as approved in the budget by the Board of Directors.



### **Directorship Positions in other Listed Companies:**

The Company realizes the value of experience that directors receive from being directors in other companies. The Company therefore has the policy that directors may hold board positions in not more than eight companies listed on the Stock Exchange of Thailand, in order for the directors to be able to allocate sufficient time for each company. With regards to the management, other than board positions at the Company's subsidiaries and affiliated companies, the Managing Director and the Company's management are allowed to hold director and/or independent director positions in not more than three other companies. In addition, such positions must be approved by the Board of Directors.

### **Company Secretary:**

The Board of Directors appointed Ms. Pantip Chirakarnjanakorn as the Company Secretary to be responsible for administering the Board of Directors' meetings and shareholders' meetings, for preparing minutes of such meetings and annual reports, and for safekeeping documents as required by rules and regulations. In addition, the Company Secretary is responsible for advising the Board of Directors and management regarding rules and regulations related to listed companies and corporate governance policies.

### **Committees**

The Board of Directors has set up committees to assist with specific tasks and to propose assigned issues to the Board of Directors for consideration or acknowledgement. Details of committee members and their duties and responsibilities are listed in Section of Management Structure. The Company has four committees as follows:

1. **Audit Committee** is responsible for reviewing the financial reports, internal control system, internal audit system, and risk management system, and for selecting and coordinating with the Company's auditor. The Audit Committee consists of three independent directors. In 2017, the Audit Committee held 4 meetings and reported their meeting results to the Board of Directors. Details of attendance of Audit Committee members are in Section of Remuneration of Directors, Committees and Management.
2. **Nomination and Remuneration Committee** is responsible for selecting and proposing candidates for the positions of director and committee member to Board of Directors for approval, and for setting appropriate compensation. The Nomination and Remuneration Committee consists of one independent director, who is the chairman of the Nomination and Remuneration Committee, and two non-executive directors. In 2017, the Nomination and Remuneration Committee held 5 meetings and reported their meeting results to the Board of Directors. Details of attendance of Nomination and Remuneration Committee members are in Section of Remuneration of Directors, Committees and Management.
3. **Governing Board of Bumrungrad International Hospital, Bangkok** is responsible for implementing the Hospital Policy, promoting patient safety and performance improvement, and providing quality patient care. The Governing Board consists of three directors, five management, and nine physicians. In 2017, the Governing Board held 3 meetings.
4. **Investment Committee** is responsible for considering investment projects before proposing to the Board of Directors for approval. The Investment Committee consists of two non-executive directors and one executive director. In 2017, the Investment Committee held 3 meetings.

### **Roles, Duties and Responsibilities of the Board of Directors**

The Board of Directors has responsibilities towards all shareholders, both major and minority shareholders, in ensuring that the Company conducts its business and implements corporate governance practices in accordance with its objectives and policies for the highest benefit of shareholders, with care and integrity, under business ethical values, taking into account the interests

of all stakeholders and under laws and the articles of association of the Company. The duties and responsibilities of the Board of Directors are in Section of Management Structure.

#### **Internal control and internal audit systems:**

The Company has given importance to internal controls and internal audit systems by establishing an internal audit unit, with the primary objective to support and develop effective internal control of the organization, in order to minimize operational risks, and to ensure quality of the work process and operations. Emphasis is on effectiveness and efficiency, appropriateness of expenses and costs, and operations which are in accordance with the policy and/or requirements of the management.

To ensure the independence of the internal audit unit and the balance of power, the internal audit unit reports directly to the Audit Committee.

#### **Conflict of interest:**

To prevent any problems related to conflicts of interest, the Board of Directors considers transactions which may have conflicts of interest or which may be related parties transactions with caution, fairness and transparency, and strictly follows the rules and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission, with pricing and other conditions on an arms-length basis. Details of the transactions, including amount, contracting party, and reasons for entering into the transactions are disclosed in financial statements, the annual reports, and the 56-1 filing.

#### **Board of Directors' Meetings**

It is the duty of every director to attend Board of Directors' meetings regularly, in order to acknowledge and make decisions relating to the operations of the Company. The Board of Directors holds four regular meetings every year (held quarterly), of which the schedule is set in advance for the entire year, and holds extraordinary meetings as necessary to consider matters which are important and urgent. In 2017, there were 6 Board of Directors' meetings. Details of the meeting attendance of each director are in the table in Section: Remuneration of Directors, Committees and Management.

For each meeting, agenda are clearly set in advance by the Chairman of the Board together with the Managing Director. Moreover, each director is given opportunities to propose issues as agendas. The Company Secretary prepares and distributes invitation letters, agendas, and other supporting documents to the Board of Directors at least seven days in advance in order to allow directors sufficient time to research and study the information prior to the meeting.

Normally, each meeting lasts two hours. For the consideration of each agenda, the Chairman of the meeting allocates sufficient time for management to present adequate details on the agenda and for directors to discuss the matter carefully, and gives directors the opportunity to express their opinions in the meeting independently. The majority vote is the passing resolution for each agenda, where one director has one vote. In case any director has a personal conflict of interest, such director will leave the meeting and/or does not vote on that particular matter. If the voting result is equal, the Chairman of the meeting casts the deciding vote. In addition, senior managements are invited to attend Board of Directors' meetings to provide useful and important information, and to directly obtain business strategies from the Board of Directors to be implemented in the Company's operations.

Upon completion of each meeting, the Company Secretary is responsible for documenting and distributing minutes for adoption at the next Board of Directors' meeting. Directors are able to comment, amend and make additions so that the minutes are as accurate as possible. The Company Secretary keeps the adopted minutes, which are signed by the Chairman of the Board of Directors, both in the form of hard copies and electronic files, along with supporting documents available for directors' and relevant persons' verification and reference.

## Remuneration of the Board of Directors and Management

The Company provides appropriate remuneration for the Board of Directors and management. The remuneration of the Board of Directors in the form of annual remuneration and meeting remuneration has been approved by shareholders' meetings. Consideration of directors' remuneration takes into account that of other comparable listed companies in the same industry. Committee members only receive remuneration in the form of meeting remuneration.

Management's remuneration is in the form of salaries and bonuses, taking into consideration the responsibilities and performance of each person and performance of the Company.

Details of 2017 remuneration of each individual director, which has been approved by the shareholders' meeting, and the sum of management's remuneration, are disclosed in Section: Remuneration of Directors, Committees and Management.

## Development Programs for Directors and Management

The Company has a director's manual which summarizes related laws, rules and regulations, so that directors are informed of their roles, responsibilities and guidelines for the position as a director. For newly appointed directors, the Company informs them of information which is important for fulfilling the duties of the Company's directors, which includes the Company's background information, business strategy and director's manual.

Moreover, the Company supports development programs for directors and management in various forms, such as training and seminars organized by the Thai Institute of Directors (IOD), the Stock Exchange of Thailand, and the Securities and Exchange Commission.

A majority of the Board of Directors, 7 directors, have passed IOD training courses, as follows:

	Chairman Program	Director Certification Program (DCP)	Director Accreditation Program (DAP)	Audit Committee Program (ACP)	Role of the Compensation Committee (RCC)	Role of the Nomination and Governance Committee (RNG)
Mrs. Linda Lisahapanya		/				
Mr. Chong Toh			/			
Ms. Sophavadee Uttamobol	/		/	/		
Mr. Soradis Vinyaratn			/			
Mr. Prin Chirathivat	/	/	/	/		
Dr. Suvarn Valaisathien			/			
Mrs. Aruni Kettratad			/		/	/

For more detail of the Company's information, please refer to the filing report of the Company at [www.set.or.th](http://www.set.or.th) or company's website.

## **10. Corporate Social Responsibility**

Throughout Bumrungrad's history, our organization has adhered to its core values of patient care, while also keeping with our social and environmental responsibilities. Our core values are in our name "Bumrungrad," meaning "caring for people."

In realizing our commitment to corporate social responsibility, incorporating the related core values into decision-making, daily operations, and participating in various community projects, especially with regard to promoting public health and caring for the underprivileged, we hope to achieve a sustainable development and fairness in business operations. It is hoped that this will also ensure fair business practices among Bumrungrad and its business partners, and shareholders. Our good corporate governance and adherence to safety standards, as well as environmental and social responsibilities, are confirmed through the recognitions, credentials, certifications, and accreditations below:

### **1. Internal Corporate Social Responsibility**

**Our Responsibilities to Our Patients** - The hospital holds core values that adhere to safety, quality, and measurable results to ensure that all patients and visitors of the hospital get the best and the most proper care. Below are a few recognitions and awards, both national and international, reflecting our commitment to patient care:

- Bumrungrad International receives recognition by The American Nurses Credentialing Center's (ANCC) Pathway to Excellence Program – The ANCC's Pathway to Excellence® Program is a new organizational credential to recognize healthcare facilities that have created positive work environments where nurses can flourish. Pathway-designated organizations are deemed the best places to work for nurses, with high nurse satisfaction and retention. Research shows that healthy work environments improve not only nurse satisfaction but also patient satisfaction and quality of care.
- Bumrungrad International achieved the Gold Award for Infection Control Standards by the CSSD Center of Excellence Program 2017 — The Asia Pacific Society of Infection Control (APSIC) is a multi-national organization dedicated to the advancement of infection control practices. The APSIC CSSD Centre of Excellence Program awards institutions who fulfill and deliver quality disinfection and sterilization services.
- In 2016, the Bumrungrad Clinical Lab was honored to be the first hospital in Asia to receive CAP accreditation. The College of American Pathologists (CAP) is the world's largest association composed exclusively of board-certified pathologists — who inspect and accredit medical laboratories worldwide.
- In 2002, Bumrungrad International was the first hospital in Asia to receive JCI Accreditation, and recently received its 5th re-accreditation in 2017. JCI accredits more than 900 organizations around the world. Joint Commission International (JCI) is a United States based organization that accredits healthcare organizations worldwide. JCI works with hospitals and other healthcare organizations to achieve peak performance in patient care. JCI accreditation is considered the "gold standard" in global healthcare.
- In 2017, Bumrungrad International was proud to be the first hospital in Asia to become DNV GL MIR Certified. DNV GL's Managing Infection Risk Standard was developed to provide a framework to help organizations improve their management of infection risk — which reduces the potential for harm to patients, visitors, and staff, and enhances confidence and satisfaction in patient care and quality.

- Bumrungrad International Hospital has achieved the Global Healthcare Accreditation with Excellence designation by the U.S. based Global Healthcare Accreditation (GHA) Program. This is the first time a hospital outside the United States has achieved this honor. This accreditation is yet another benchmark in confirming that the hospital is providing the highest standards of service in medical tourism, and that visitors seeking healthcare at Bumrungrad are receiving top quality care and service along the entire Medical Travel Care Continuum. At present, Bumrungrad International serves over 520,000 international patients annually from over 190 countries around the world. With this accreditation, Bumrungrad International increases its competitive edge, while also strengthening Thailand's reputation as a medical tourism destination.

**Respect for Human Rights** – The hospital has established a management policy based in equality, free from class-discrimination. All employees, patients, and caregivers will be treated equally and with respect.

Bumrungrad does not tolerate discrimination based on age, gender, nationality, religion, employment position, current health condition, or social status.

Bumrungrad cares for patients by "Bumrungrad standards". We have on hand employees to assist patients with their individual insurance policy or national health insurance policy, informing each individual of their medical service inclusions. Our staff are prepared to assist over 1.1 million patients visiting each year from over 190 countries around the world.

**Ethical Labor Practices** – The hospital has established a human resource management policy which lays the ground rules that staff recruitment and training, workers' compensation, employee recognition programs, employee transfer and promotion, annual performance evaluation, and termination, are all in compliance with applicable laws and regulations.

**Fair Business Practices** – The hospital has clear policies regarding hospital services in many areas, for instance, finances and purchasing equipment and supplies. One of the hospital's administration policies regarding the purchase of medical supplies and equipment is in the efforts of being fair to business partners.

The policy involves drafting business contracts in order to affirm fair negotiations. The hospital has a designated contracting team, as well as a protocol to evaluate all medical supplies and equipment in order to affirm that they are up to quality standards. These are to make sure that all products purchased from each of our partners are of the same high quality standards — with the ultimate aim of benefiting our patients.

### **Environmental Protection Efforts**

Bumrungrad International is committed to protecting the environment and conserving energy and natural resources. We support all efforts to maintain and promote the good health and safety of the community, and we participate in activities which support these principles. The Hospital has established environmental, health, and safety policies that comply with government regulations and international standards. It is also ensured that staff and contractors are properly educated and trained in these policies. Every staff member and contractor on the Hospital's premises is expected to follow the Hospital's environmental policies and report any environmental, health or safety concerns for the management to take appropriate actions.

The hospital has complied with the regulations imposed by environmental protection agencies, e.g. the Ministerial Regulation on Infectious Waste Disposal B.E. 2545, Environmental Engineering Section, Bureau of Environmental Health, Department of Health, Ministry of Public Health; Bangkok Administration Regulations regarding the collection and disposal of sewage or solid waste (B.E. 2544), promulgated in the Royal Thai Government Gazette on March 11, 2002; the Promotion and Conservation of National Environmental Quality Act B.E. 2535; the Ministry of Natural Resources and Environment's announcement regarding the types of buildings to be monitored regarding wastewater

disposal; the Vienna Convention on the Protection of the Ozone Layer; and Montreal Protocol on Substances That Deplete the Ozone Layer. The switch to the use of Magnetic Centrifugal Chillers, which are more energy efficient, should also be noted.

## **2. External Corporate Social Responsibility**

### **Health Promotion Programs**

#### **1. The "Rak Jai Thai" Program (Healing Hearts)**

As part of the commitment to corporate social responsibility and the welfare of Thai people, the Bumrungrad Hospital Foundation and Bumrungrad International Hospital, through its team of pediatric cardiologists, NICU, and surgeons, provide operations at no cost to underprivileged Thai children. Currently, the average cost of surgery per case is about 650,000 baht. The "Rak Jai Thai" or "Healing Hearts" program is a joint effort of the Bumrungrad Hospital Foundation and The Cardiac Children Foundation of Thailand under the Royal Patronage of Her Royal Highness Princess Galayani Vadhana Krom Luang Narathiwat Rajanagarindra. In 2017 alone, 16 children have received heart surgeries through the program. Since the inception of the project in 2003 through to 2017, 767 underprivileged children from 50 provinces in Thailand have received heart surgeries at no cost.

#### **2. The "ARSA Bumrungrad" Mobile Clinic Projects, in the Provinces**

In concerted efforts with Mr. Chai Sophonpanich, doctors, dentists, the Bumrungrad International volunteer medical team, and volunteer staff, management, and Bangkok Insurance PCL employees, the "ARSA Bumrungrad" Mobile Clinic provides general medical and dental services free of charge for more than 1,000 villagers in Sakon Nakhon and Mukdahan annually.

The "ARSA Bumrungrad" Mobile Clinic offered medical services for more than 80 villagers at the Baan Ta Yae School in Dan Makham Tia, Kanchanaburi on November 25, 2017.

#### **3. The "ARSA Bumrungrad" Mobile Clinic Projects, in Bangkok**

The "ARSA Bumrungrad" Mobile Clinic has offered charitable medical services to the underprivileged across more than 30 communities around Bangkok, in collaboration with the Thomson Fund and supported by the Bumrungrad Hospital Foundation and Bumrungrad International Hospital since 2001. The services are available daily, excluding Mondays and Tuesdays.

The "ARSA Bumrungrad" Mobile Clinic offered first aid and emergency medical services to those joining in the offering of sandalwood flowers to the late King Bhumibol Adulyadej on the day of the Royal Cremation at Lumpini Park. First Aid services for social activities in Bangkok, such as walk/run charity events.

### **4. Health Promotion Programs**

The hospital organizes programs to promote health literacy through activities, exhibitions, and events based around major global health days, as well as seminars, and publishing health information through social media, websites, and media outlets year-round.

### **5. Other Public Service Programs**

Blood Donation Program, together with the Thai Red Cross Society for employees and the public, four times per year.

The Bhappy3 Project is a joint effort of Bumrungrad Hospital PCL, Bangkok Life Assurance PCL and Bangkok Insurance PCL in arranging activities for social and environmental development annually. This year, programs were developed to promote a better quality of life for teachers and students at Ban Nong Prue Noi School, Tambon Hua Wah, Sri Maha Pho District, Prachin Buri.

## **Social Sector**

Board of Directors – CSR Club of the Thai Listed Companies Association

Board of Directors – Thai Environmental and Community Development Association (Magiceyes)

For the fifth consecutive year, Bumrungrad International has received the AMCHAM CSR Excellence Award – Gold Level by the American Chamber of Commerce in Thailand. The award was given in recognition of Bumrungrad International's continuous commitment in providing charitable medical services throughout Thailand, through programs such as the "Rak Jai Thai" and "ARSA Bumrungrad" Mobile Clinic.

For more detail of the Company's information, please refer to the filing report of the Company at [www.set.or.th](http://www.set.or.th) or company's website.

## **11. INTERNAL CONTROL AND RISK MANAGEMENT**

Bumrungrad Hospital Public Company Limited continuously values the internal control system, the internal audit system, and the risk management system. As a result, the Board of Directors has governed and assigned the Audit Committee to review and ensure appropriateness and effectiveness of the Company's systems, with realizing that the good systems can help mitigate business risks and operational risks to the acceptable level, and help detect existing deficiencies in a timely manner. In addition, they can help the Company to generate accurate and reliable financial reports, and help the Company's operations to achieve its defined goals.

### **Part 1: Control Environment**

The Company set its vision, mission, and operating policy, with the emphasis on integrity and ethics by declaration of intent in view of establishing Thailand's Private Sector Collective Action Coalition against Corruption, and clearly defined both short-term and long-term business goals. It has also rewarded employees based on their performance on achieving those goals. In addition, the Company has the organizational structure and work procedures that help tighten its operations and prevent unauthorized asset use. Furthermore, the Company's executives continuously develop and improve the quality of management; resulting in recognitions by several third-party organizations, especially as the Asia's first hospital accredited by the US-based Joint Commission International (JCI) in 2002 and re-accredited in 2005, 2008, 2011, 2014 and 2017, and as evidenced by the Best Practice Workplace Award for Labor Relations and Labor Welfare in 'the Large Enterprise without Federation of Labor Union' category received from the Thailand's Ministry of Labor in 2009 - 2017. Based upon the aforementioned characteristics, it is deemed that the Company has a good organizational structure and environment, which is an essential foundation for an effective internal control system.

### **Part 2: Risk Assessment**

The Company regularly assesses business risk factors, taking into account economic and political circumstances, competition, labor market, and natural disaster, which are external factors. It also assesses internal factors, especially risk factors concerning medical services, which may lead to legal disputes that may have a significant impact to the Company. In addition, the Company has determined the risk management approach for the possible flooding by assigning the Management to prepare the Business Continuity Plan, and has established the Hospital Administrative Policy on Safety and Environment Risk Assessment. Consequently, it is deemed that the Company has the effective risk management process that can mitigate business risks to the acceptable level.

### **Part 3: Control Activities**

The Company has established transaction approval authority and limits based on the nature and amount of transaction. In case of connected transactions or potential conflict of interest transactions, the Audit Committee has a duty to review the necessity and rationale of those transactions, which must be approved by the Management, the Board of Directors, or the Shareholders as the case may be. The person with conflict of interest is not allowed to vote in these transactions. Moreover, the Company regularly monitors subsidiaries' and affiliates' operations by delegating the Company's directors or management to take a position of directors in those subsidiaries or affiliates. In 2017, the Company entered into all such transactions with related persons or parties in compliance with the principles, procedures, and conditions stipulated in laws and regulations, under the good corporate governance policy, on an arm's length basis, and for its own highest benefits.

### **Part 4: Information and Communication**

The Company has performed financial reporting in accordance with the accounting policy as deemed appropriate for its nature of business, and with the Generally Accepted Accounting Principles (GAAP). In addition, the Company has implemented the International Financial Reporting Standards (IFRS), which was effective in the year 2011, by preparing data and information systems to be ready for those standards. The Company has also engaged a consulting firm to give advice and provide training sessions for all relevant executives and employees. Moreover, the Company has provided necessary and sufficient information for the Board of Directors to make a decision.



## **Part 5: Monitoring Activities**

The Company set up the Corporate Internal Audit Division, directly reporting to the Audit Committee to ensure its independence, Head of which has duties and qualifications as shown in the Appendix 3 with the audit objectives to assure that:

- Operations in various processes are efficient and effective enough to achieve the Company's objectives;
- The financial reporting process has adequate and proper controls to make financial data reliable;
- The management control process is effective enough to govern adherence to laws and regulations, and the Company's policies and procedures appropriately;
- The internal controls over work processes pertaining to patients' safety are effective and adequate.

In addition, the Company delegated the internal auditors to investigate immediately in the case of suspected frauds, practices that violated the laws, and other irregular actions, which may affect the reputation and financial position of the company significantly, and assigned responsible persons to determine ways to develop and improve work systems according to the internal auditors' recommendations, and the independent auditor's recommendations in the Management Letter.

For more detail of the Company's information, please refer to the filing report of the Company at [www.set.or.th](http://www.set.or.th) or company's website.

## 12. Related Party Transactions

Related Company	Relationship	Description	Amount (Baht Million)		Pricing Policy	Reason for the Transaction
			For the year ended 2017	For the year ended 2016		
Bangkok Insurance PCL. (BKI)	BKI was the major shareholder of the Company, with 14.62% shareholding as at 31 December 2017 (the same as at 31 December 2016)	<u>Borrowing of Money</u> - The Company issued and offered 100,000 units of the Debentures of Bumrungrad Hospital Public Company Limited No.1/2011 Series 1 Due A.D. 2016 with the par value of Baht 1,000 each and interest rate of 4.13% and 100,000 units of the Debentures of Bumrungrad Hospital Public Company Limited No.1/2011 Series 2 Due A.D. 2018 with the par value of Baht 1,000 each and interest rate of 4.59% to BKI.	100.0	100.0	The price per unit including interest rate of debentures offered to BKI was the same price that the Company offers to other third-party subscribers.	The Audit Committee has the opinion that the transaction was reasonable and it was approved by the Board of Directors and the Shareholders.
		<u>Revenues</u> - Revenues from hospital services received from BKI	17.8	13.1	It was the Company's normal course of business, charging at normal price and benefits as customers in general.	The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business of the Company.

... Translation ...

Related Company	Relationship	Description	Amount (Baht Million)		Pricing Policy	Reason for the Transaction
			For the year ended 2017	For the year ended 2016		
		<u>Expenses</u> - Insurance fees which the Company paid to BKI	27.2	29.0	BKI was the insurance provider which the Company has always used. In addition, the insurance premium that the Company paid to BKI was at the rate which BKI offers to its customers in general.	The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business of the Company.
		<u>Interest Payment</u> - Interest payment for 100,000 units of the Debentures of Bumrungrad Hospital Public Company Limited No.1/2011, Series 1 Due A.D. 2016 with the par value of Baht 1,000 each and interest rate of 4.13% and 100,000 units of the Debentures of Bumrungrad Hospital Public Company Limited No.1/2011, Series 2 Due A.D. 2018 with the par value of Baht 1,000 each and interest rate of 4.59%	4.6	8.6	The Interest rate was fixed by the terms and conditions of the Debenture which is 4.13 and 4.59% per annual.	The Audit Committee has the opinion that the transaction was reasonable and it was approved by the Board of Directors and the Shareholders.

... Translation ...

Related Company	Relationship	Description	Amount (Baht Million)		Pricing Policy	Reason for the Transaction
			For the year ended 2017	For the year ended 2016		
Bangkok Life Assurance PCL. (BLA)	Common shareholder	<u>Borrowing of Money</u> - The Company issued and offered 755,000 units of the Debentures of Bumrungrad Hospital Public Company Limited No.1/2011 Series 3 Due A.D. 2021 with the par value of Baht 1,000 each and interest rate of 4.97%.	755.0	755.0	The price per unit including interest rate of debentures offered to BLA was the same price that the Company offers to other third-party subscribers.	The Audit Committee has the opinion that the transaction was reasonable and it was approved by the Board of Directors and the Shareholders.
		<u>Revenues</u> - Revenues from hospital services received from BLA.	18.5	18.7	It was the Company's normal course of Business, charging at normal price and benefits as customers in general.	The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business of the Company.
		<u>Expenses</u> - Insurance fees which the Company paid to BLA	1.2	1.3	BLA was the insurance provider which the Company has always used. In addition, the insurance premium that the Company paid to BLA was at the rate which BLA offers to its customers in general.	The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business of the Company.

... Translation ...

Related Company	Relationship	Description	Amount (Baht Million)		Pricing Policy	Reason for the Transaction
			For the year ended 2017	For the year ended 2016		
		<u>Interest Payment</u> - Interest payment for 755,000 units of the Debentures of Bumrungrad Hospital Public Company Limited No.1/2011 Series 3 Due A.D. 2021 with the par value of Baht 1,000 each	37.5	37.6	The Interest rate was fixed by the terms and conditions of the Debenture which is 4.97% per annual	The Audit Committee has the opinion that the transaction was reasonable and it was approved by the Board of Directors and the Shareholders.
Bangkok Bank PCL. (BBL)	Common Executive	<u>Bank Deposits</u> - Fixed Deposits over 3 months	5,293.6	1,509.0	The Interest rates are at market rates	The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business of the Company.
		<u>Convertible bonds</u> - Partly secured convertible bonds, with a maturity of 12 years	300.0	300.0	A coupon rate of 2.5% for years 1-4, 5% for years 5-8, and 10% for years 9-12, payable semi-annually, which to extend the tenure for additional 5 years maturing on 23 August 2017 and 10 years maturing on 23 August 2027	The Audit Committee has the opinion that the transaction was reasonable and it was approved by the Board of Directors and the Shareholders.
		<u>Convertible bonds</u> - Partly secured convertible bonds, with a maturity of 12 years	250.0	250.0	A coupon rate of 1.0% per annum, payable semi-annually, which to extend the tenure for additional 5 years maturing on 23 August 2017 and 10 years maturing on 23 August 2027	The Audit Committee has the opinion that the transaction was reasonable and it was approved by the Board of Directors and the Shareholders.

... Translation ...

Related Company	Relationship	Description	Amount (Baht Million)		Pricing Policy	Reason for the Transaction
			For the year ended 2017	For the year ended 2016		
		<u>Revenues</u> - Revenues from hospital services received from BBL	30.0	36.3	It was the Company's normal course of business, charging at normal price and benefits as customers in general.	The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business of the Company.
		- Rental income of area of BBL branch at Bumrungrad Hospital	2.8	2.5	Charging at normal price and benefits as customers in general.	The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business of the Company.
		- Interest income on bank deposits	49.3	26.3	The Interest rates are at market rates	The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business of the Company.
		<u>Expenses</u> - Bank credit cards commission fees paid to BBL	130.8	125.0	BBL was the credit card service provider which the Company has always used. The Company invested in various infrastructures to maximize the benefits from efficient use of credit card payment system. The fees paid to BBL are at the market rate.	The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business of the Company.
		- Interest on convertible bonds paid to BBL	32.5	32.5	The Company paid interest on Baht 550 million principal of convertible bonds. Interest rates are in accordance with debt restructuring agreement.	The Audit Committee has the opinion that the transaction was reasonable and it was approved by the Board of Directors and the Shareholders.

... Translation ...

Related Company	Relationship	Description	Amount (Baht Million)		Pricing Policy	Reason for the Transaction
			For the year ended 2017	For the year ended 2016		
Thai Consultant Ltd.	Associated with director	<u>Expenses</u> - Consulting fees on legal paid to Thai Consultant Ltd.	4.0	3.8	The Company paid hourly fixed expenses at the normal rate which Thai Consultant Ltd. charges to its customers in general.	The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business of the Company.
Bumrungrad International Limited (BIL)	Associated company, in which the Company, at 31 December 2017, has 31.5% shareholding (the same as at 31 December 2016) and has common directors	<u>Revenues</u> - Consulting fee income on hospital management received from BIL	0.16	0.15	The Company charges the fees in relation to the actual cost of the resources used.	The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business of the Company.
		<u>Interest Payment</u> - Interest paid on long-term loan of 176.4 million baht.	2.3	2.4	The loans carry interest at the 1-year fixed deposit rate of one of local commercial banks, and are due at call	The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business.
		<u>Dividend income</u> - Dividend received during the year from BIL	21.5	-	The Company has recognized dividend received from BIL as declared.	The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business and it was approved by the Board of Directors.
The Bumrungrad Hospital Foundation (BHF)	Common director	<u>Revenues</u> - Revenues from hospital services received from BHF	18.4	53.4	It was the Company's normal course of business, charging at normal price and benefits as customers in general.	The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business.

... Translation ...

Related Company	Relationship	Description	Amount (Baht Million)		Pricing Policy	Reason for the Transaction
			For the year ended 2017	For the year ended 2016		
		- Other revenue from resources used	0.4	1.0	The Company charges the expenses in relation to the actual cost of the resources used.	The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business.
		<u>Expenses</u> - Donation	31.9	32.4	The Company paid the donation expenses according to the policy approved by the Board of Directors.	The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business and it was approved by the Board of Directors.
AA Talent Recruitment Co., Ltd.	Common director	<u>Expenses</u> - Service Fee for personnel recruitment services	2.0	1.2	It was the Company's normal course of business, charging at normal price and benefits as customers in general.	The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business.
Bangkok Dusit Medical Services PCL. (BDMS)	BDMS was the major shareholder of the Company, with 20.50% shareholding as at 31 December 2017 (31 December 2016: 23.95%)	<u>Expenses</u> - Radio pharmaceuticals	11.3	11.4	It was the Company's normal course of business, charging at normal price and benefits as customers in general.	The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business.



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Related Company	Relationship	Description	Amount (Baht Million)		Pricing Policy	Reason for the Transaction
			For the year ended 2017	For the year ended 2016		
A.N.B. Laboratories (Amnuay pharmacy) Co., Ltd. (ANB)	An indirect subsidiary of a major shareholder (Bangkok Dusit Medical Services PCL. or BDMS)	<u>Expenses</u> - Medicine	0.8	0.9	It was the Company's normal course of business, charging at normal price and benefits as customers in general.	The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business.
National Healthcare Systems Co., Ltd. (NHS)	Subsidiary company of a major shareholder (Bangkok Dusit Medical Services PCL. or BDMS)	<u>Expenses</u> - Laboratory Services	9.8	13.1	It was the Company's normal course of business, charging at normal price and benefits as customers in general.	The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business.